REMARKS

The present application was filed on June 29, 2001 with claims 1-39. Claims 1, 21, 25 and 39 are the independent claims.

In the outstanding final Office Action dated February 26, 2008, the Examiner: (i) rejected claims 21-38 under 35 U.S.C. §101 as being directed to non-statutory subject matter; and (ii) rejected claims 1-39 under 35 U.S.C. §102(e) as being anticipated by U.S. Patent No. 6,857,020 to Chaar et al. (hereinafter "Chaar").

With regard to the §101 rejection, while Applicants traverse the rejection, independent claims 21 and 25 have been amended.

The Federal Circuit has recently ruled that a claimed process is patent-eligible under 35 U.S.C. § 101 if: (1) it is tied to a particular machine or apparatus, or (2) it transforms a particular article into a different state or thing, see *In re Bilski*, 545 F.3d 943, 88 U.S.P.Q.2d 1385 (2008).

First with respect to claim 25, the "transformation" test is clearly satisfied. The claim recites concrete steps for managing a service level associated with resources in a distributed information technology (IT) system based on financial terms. The steps describe the use of a financial optimization specified in the electronic contract at the time of construction of the contract such that, at the time the financial optimization is to be determined, the electronic contract is accessed to identify a particular financial metric of the financial optimization that is to be computed and to identify an operation for computing the particular financial metric. At least one control command based on the at least one financial optimization is issued, the command being executed on a distributed element by an agent module located in the distributed element. Thus the claim, *inter alia*, transforms information from the electronic contract to result in issuance of a control command to a distributed element so as to manage a service level associated with resources in a distributed IT system based on financial terms. Independent claim 21 recites a similar transformation.

Notwithstanding the fact that the claims satisfy the "transformation" test (note that only one test need be satisfied – either "tied to machine" or "transformation"), Applicants have amended independent claims 21 and 25 to further clarify their connection to and relationship with a particular machine ("processor of a computer").

For at least the above reasons, Applicants request withdrawal of the §101 rejection.

With regard to the §102 rejection, Applicants initially note that the Federal Circuit has recently stated that "unless a reference discloses within the four corners of the document not only all of the limitations claimed but also all of the limitations arranged or combined in the same way as recited in the claim, it cannot be said to prove prior invention of the thing claimed and, thus, cannot anticipate under 35 U.S.C. §102." *Net MoneyIN Inc. v. VeriSign Inc.*, 545 F.3d 1359, 1369, 88 USPQ2d 1751, 1760 (Fed. Cir. 2008). Applicants traverse the §102 rejection for at least the following reasons.

As an aside, Applicants note that both Chaar (Reel/Frame 011908/0621) and the present application (Reel/Frame 012247/0426) are currently assigned of record to International Business Machines Corporation (IBM). Furthermore, both Chaar and the claimed invention were subject to an obligation of assignment to IBM at the time the claimed invention was made. Because Chaar qualifies as prior art only under 35 U.S.C. §102(e), Applicant respectfully note that, pursuant to 35 U.S.C. §103(c), Chaar may not be used in any possible rejection under 35 U.S.C. §103(a).

Applicants have previously amended claims 1, 21, 25 and 39 to recite that the financial optimization is specified in the electronic contract at the time of construction such that, at the time the financial optimization is to be determined, the electronic contract is accessed to identify a particular financial metric of the financial optimization that is to be computed and to identify an operation for computing the particular financial metric.

The present Office Action points to the portions of Chaar that describe the function of an "SLA management object (SMO)." An SMO, as explained in Chaar, tracks the effect of resource management actions on the service system operation to assure the contracted quality of service. However, nowhere does an SMO (or a CSEM) in Chaar indicate that a financial optimization is specified in the electronic contract at the time of construction such that, at the time the financial optimization is to be determined, the electronic contract is accessed to identify a particular financial metric of the financial optimization that is to be computed and to identify an operation for computing the particular financial metric, as claimed. Again, all that the SMO/CSEM arrangement

of Chaar does is track the effect of resource management actions on the service system operation to assure the contracted quality of service.

Independent claim 1 also recites a limitation wherein an apparatus comprises at least one processor operative to construct an electronic contract. In an illustrative embodiment described in the present specification at, for example, page 11, lines 22-23, an ecBuilder module constructs the contract based on analyst-specified requirements.

The Office Action again contends that Chaar discloses the above limitation. Applicants respectfully disagree and note that the relied-upon portions of Chaar disclose an e-business SLA management framework which helps a customer and a provider negotiate SLA terms and conditions by providing the customer and the provider an agreeable abstraction of the service management system. Applicants respectfully submit that the teachings of Chaar wherein a framework helps a customer and a provider negotiate SLA terms and conditions fails to meet the limitation of independent claim 1 wherein a processor constructs an electronic contract. In fact, the relied-upon portion of Chaar specifies that the e-business SLA management framework comprises an <u>established</u> e-business SLA contract. See Chaar at column 7, lines 49-50. See also Chaar at, for example, column 8, lines 29-32; column 8, lines 47-50; and column 8, lines 64-66.

Notwithstanding the above-stated differences between the claimed invention and Chaar, Applicants have again amended the independent claims to further clarify the particular types of financial terms to which the business metrics are being converted and optimized. More specifically, the independent claims have been amended to state that the one or more business metrics are converted to one or more financial equivalents wherein the one or more financial equivalents comprise a cost of a lost connection, a cost of down time, and a relationship between revenue and network latency. These limitations come substantially from now-cancelled dependent claims 13, 14 and 32.
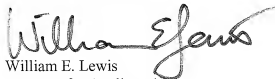
Nowhere does Chaar teach or suggest any such a conversion of business metrics to financial equivalents. Nor does Chaar teach or suggest that any financial impact assessment relates to a cost of a lost connection, a cost of down time, and a relationship between revenue and network latency, as now claimed. In fact, Chaar makes no mention of revenue considerations.

Independent claims 21, 25 and 39 contain limitations similar to those recited in claim 1 and are thus believed allowable for at least the reasons identified above with regard to claim 1.

Dependent claims 2-12, 15-20, 22-24, 26-31 and 33-38 are believed allowable at least by virtue of their dependence from independent claims 1, 21 and 25, respectively. Additionally, one or more of these claims define independently patentable subject matter.

In view of the above, Applicants believe that claims 1-12, 15-31 and 33-39 are in condition for allowance, and respectfully request withdrawal of the §101 and §102(e) rejection.

Respectfully submitted,

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